

## **BLOOMFIELD TOWN COUNCIL**

### **FINANCE SUBCOMMITTEE**

There was a regular meeting of the above referenced subcommittee held on Monday, March 21, 2016 a 5:45 p.m. in Conference Room #5, Bloomfield Town Hall, 800 Bloomfield Avenue, Bloomfield, CT.

Committee members present were: Councilors Hypolite, DeLorenzo, Rivers, Neuwirth, Merritt and Seldon, Mayor Gamble, Deputy Mayor Schulman

Also present were: Philip K. Schenck, Jr., Town Manager, William Hogan, Director of Finance, Keri Rowley, Finance and India Rodgers, Clerk of Council

The meeting was called to order at 5:55 p.m.

#### **Town Auditor Interviews**

##### **RSM US LLP – Scott Bassett**

Mr. Scott Bassett, representative from RSM US LLP made a brief presentation regarding their auditor services. He referenced benchmarks for the Town of Bloomfield including:

- Strong fund balance and managing from \$15,000,000 to \$18,500,000
- Strong tax collection rate
- Discipline within pension plans and how they are funded

Councilor DeLorenzo requested clarification regarding the Idea Software as an audit tool. The commercial package would include a data dump for sorting general entries, revenues high to low, check sequences and chart of accounts.

Councilor Rivers stated that the approach is different, downloading of current info, definition of risk, internal controls for major transactions and best practice recommendations

Councilor Seldon asked the following question:

In addition to auditing the Town's financial records, how else will your firm add value tie the audit process? Mr. Bassett stated that they conduct an internal controls review, including the new standards. He also stated that transition and preparation is key to open communication and customer service availability.

Councilor Merritt inquired about pricing relative to the size of a community. This firm has experience in both large and small municipalities with comparative cost. He would like the firm to review of rates of the presented package and adjust accordingly.

Councilor Hypolite mentioned the Government of Standards in reviewing administration of internal controls, which can change from one year to the other and fiscal responsibility of internal risk grading.

RSM US LLP have given unqualified opinions over the years, with fiduciary responsibility for the audit, supports opinion. In reference to fraud, this firm would investigate the misappropriation of assets if any with the tax collector's office, vendor control policy and the bank reconciliation process.

Mr. Bassett quoted an approximate 850 hours on the audit engagement between the town and the Board of Education.

The town currently has a Pension Plan Audit. RSM would review the current portfolio. This update would be an additional fee with separate deliverable. If removed from the proposed plan, RSM may consider reducing the possibly reduce fee.

Councilor Seldon asked the following question:

How do you manage the situations when a key member of an audit staff leaves the firm mid-audit and/or a town under audit, is not prepared and disrupts the audit schedule?

Mr. Bassett stated that managers and long term employees would be in charge and the finance team would be adjusted with the town. There is a key personnel provision for communication with the compliance department.

Mr. Bassett also reviewed the audit approach with RSM. In addition, the Finance department will makes assertions to have the audit be efficient.

Councilor Merritt inquired about the pension plan audit, which was included in scope of RFP. A report of the CAFR, State and Federal single audits are also included for a fee of approximately \$74,000 for 850 hours.

### Blum Shapiro

The next audit interview presented is Blum Shapiro. Their staff assigned to the Town of Bloomfield include:

Ms. Vanessa Rossitto – engagement partner for Bloomfield

Mr. Jerry Paradis – concurring partner

Mr. Jeff Ziplow – technology partner

Ms. Rossitto reported that there are five partners that specialize in governmental audits.

Blum Shapiro stated that this audit will take approximately 600 hours to complete audit.

They also include risk assessment, explanation regarding the audit approach, anticipate any area of changes or exposure.

For example, there is a risk, however discussing preliminary concerns, schedule two meetings with Finance Subcommittee and reassess technology security.

Councilor Seldon –asked the following question: Did you ever have a situation where there were disagreements regarding accounting, auditing or reporting matters between you and management?

Mr. Bassett stated that there are no disagreements, however a report to in charge of governance in a letter or changes.

He also stated that the firm would evaluate items that are new items for discussion, additional information, and understanding of controls and the start of audit. The firm would enhance the town portfolio, make recommendation to the Finance subcommittee, then Town Council. The town began their new partnership on engagement with Vanessa Rossitto.

Councilor DeLorenzo requested additional meetings throughout year instead of meeting quarterly. Blum Shapiro stated that their staff participate in standard setters training. The Government Audit Center (GAQC) have specific webinars on all new standards in an established curriculum.

Councilor Hypolite inquired about their Affirmative Action initiatives. It is approximately 20% are women. Blum Shapiro have initiated a program to enhance address diversity issues at the firm.

The Information and Technology can control review and assessment of internal system during the 1<sup>st</sup> year of contract, which is due this year.

Mr. Philip K. Schenck, Jr., mentioned the fee schedule to include GASB, tech, and audit.

### General Sense of Audit Interviews

Councilor Merritt expressed his concerns and disappointed to see two firms and not three

Councilor Seldon stated that RSM US LLP have a more detailed proposal, added 200 hours, if funding town is able to cancel. No issue to make a switch.

Deputy Mayor Schulman asked about the extent of familiarity with current auditors and ensuring that there is no conflict of interest.

Mr. Hogan stated that the increased fee is an issue of \$74,000, which is an additional 50%.

Councilor Rivers asked about missing anything in audit with Blum Shapiro.

Mr. Hogan stated that he would like to appointment a list of auditors by the end of May.

Councilor Hypolite stated that he was impressed with RSM for their detailed presentation, confidence in Administration and Cyber Security a plus.

**It was moved by Deputy Mayor Schulman, seconded by Councilor Seldon and voted unanimously to postpone selection of an audit firm until the next regularly scheduled Finance Subcommittee meeting.**

### **ADJOURNMENT**

**It was moved by Councilor Seldon, seconded by Councilor Rivers to adjourn the meeting at 7:45 p.m.**